

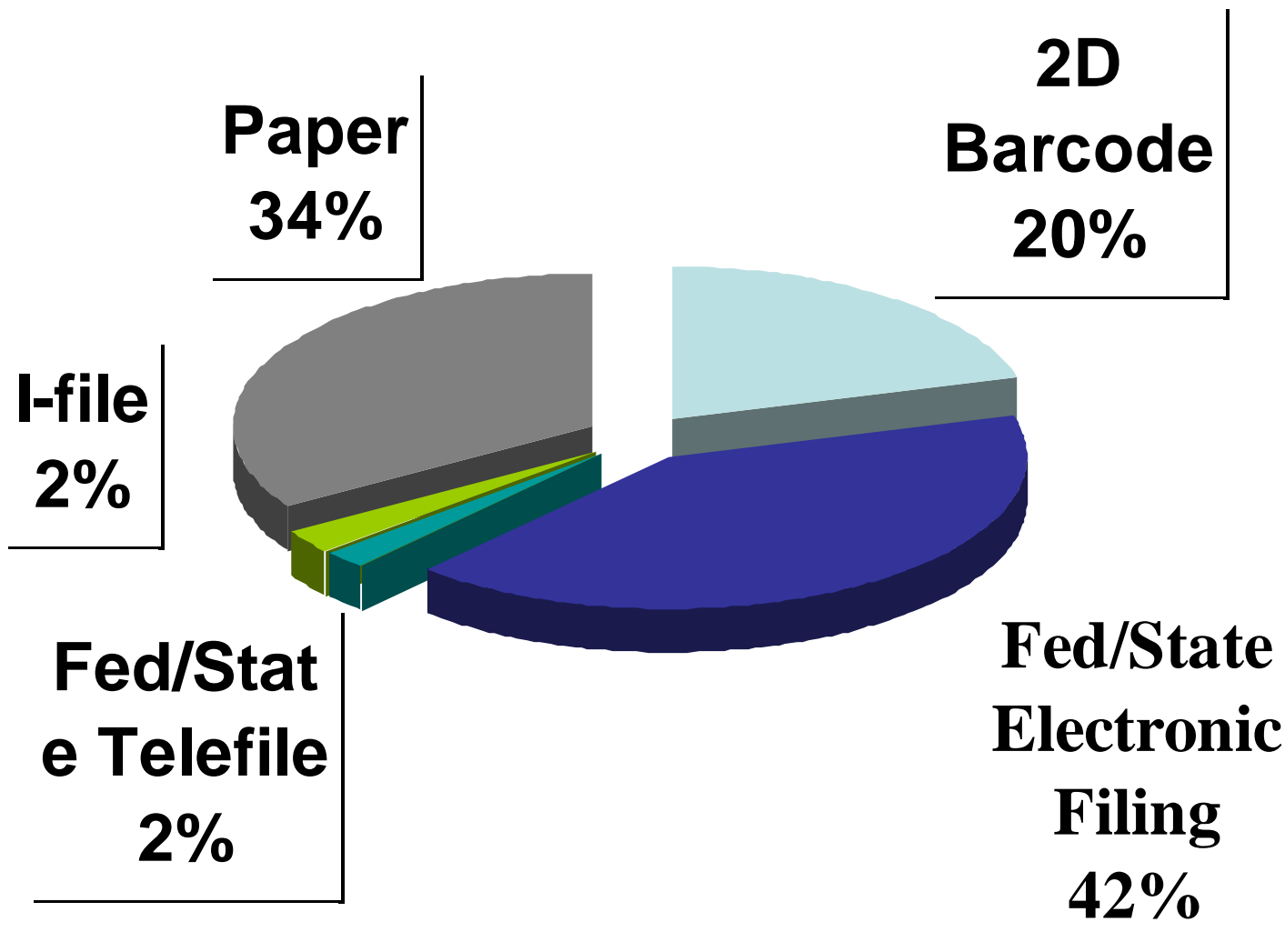


Indiana Department of Revenue 2005 Update

Presented by:

Public Affairs Division

2004 Individual Tax filing season breakdown



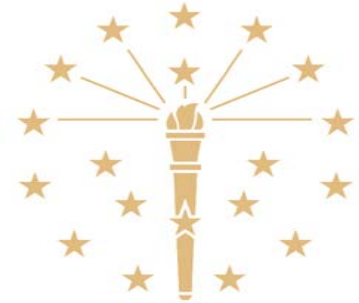
INDIANA TAX AMNESTY



No Penalties. No Interest. No Problem.

- Sept. 15 through Nov. 15, 2005.
- Double penalty if eligible and do not participate.
- Available for tax periods ending prior to July 1, 2004.

INDIANA TAX AMNESTY



Amnesty Team Mail Center

P.O. Box 1685

Indianapolis, IN 46206-1685

Phone: 888-EZ-TO-PAY (888.398.6729)

Web site:

<http://www.taxamnesty.in.gov>

Email:

taxamnesty@dor.in.gov



Extension of time to file

- IRS extension of time to file increased from four to six months (Form 4868).
- Indiana will accept the federal extension plus 30 days.
 - Nov. 17, 2006, for 2005 returns.
 - If tax is due, at least 90% must be paid by April 17, 2005, on form IT-9. This allows an automatic 30 day extension.

Schedule IN-EIC

Line reference corrections:

- line A-1 reference changed to 66a
- line A-2 reference changed to 26

❖ ***R4/9-05 correct form version***

Web site, IN-X cd, and flat forms all correct.
Income tax booklet incorrect.



Dependant child exemption

The IRS redefined the dependent child exemption.

- The Department's definition will not change:
 - \$1,500 per qualifying child



Domestic production activities deduction


Any deduction claimed on the federal return must be added-back to the state.

- IT-40, line 5; and,
- IT-40 PNR, Schedule A, Section 2, line 38A (not line 38B).



Military base investment cost credit

Based on qualified investments in a business located on a military base.



PL 199-2005

No taxpayer shall be granted more than one credit for the same project, which includes:

- Capital investment credit;
- Community revitalization enhancement district credit;
- Enterprise zone investment cost credit;
- Hoosier business investment credit;
- Industrial recovery credit;
- Military base recovery credit;
- Military base investment cost credit; and,
- Venture capital investment credit.



Reporting deductions and credits

A 3-digit code number now assigned to the least commonly claimed deductions and credits:

- IT-40 Schedules 1 and 2; and,
- IT-40 PNR Schedules D and E

Enter your first name, middle initial and last name and spouse's full name if filing a joint return

A Your Social
Security Number

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Instructions for Schedule 1 begin on page 9.

1. Renter's deduction: Address where rented if different from the one on the front page (enter below)

B _____ Landlord's name and address (enter on next line)

C _____ Amount of rent paid \$ D _____

Please round all entries to
the nearest whole dollar
(see instructions on page 6).

Number of months rented E _____ Enter the lesser of \$2,500 or amount of rent paid _____

2. Homeowner's residential property tax deduction: enter address where property tax was paid if
different from front page F _____

Number of months lived there G _____ Amount of property tax paid \$ H _____

Enter the lesser of \$2,500 or the actual amount of property tax paid _____

3. State tax refund reported on federal return (see page 10) _____

4. Interest on U.S. government obligations (see page 10) _____

5. Taxable Social Security benefits (see page 10) _____

6. Taxable railroad retirement benefits (see page 10) _____

7. Military service deduction: \$2,000 maximum for qualifying person (see page 10) _____

8. Non-Indiana locality earnings deduction: \$2,000 maximum per qualifying person (see page 11) _____

9. Insulation deduction: \$1,000 maximum: attach verification (see page 11) _____

10. Nontaxable portion of unemployment compensation (see page 11) _____

11. Other Deductions: See instructions beginning on page 12 (attach additional sheets if necessary)

a. Enter deduction name _____ I code no. _____

b. Enter deduction name _____ J code no. _____

c. Enter deduction name _____ K code no. _____

d. Enter deduction name _____ L code no. _____

12. Add lines 1 through 11 and enter total on line 8 of Form IT-40 _____ **Total Deductions** ►

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11a		
11b		
11c		
11d		
12		

Schedule 2: Indiana Credits

Instructions for Schedule 2 begin on page 22.

1. Credit for local taxes paid outside Indiana (see page 22) _____

2. County credit for the elderly: attach federal Schedule R (see page 22) _____

3. Other Local Credits: See instructions on page 23 (attach additional sheets if necessary)

a. Enter credit name _____ A code no. _____

b. Enter credit name _____ B code no. _____

Important: Lines 1 through 3 cannot be greater than the county tax due on IT-40 line 17
(see page 24)

4. College credit: attach Schedule CC-40 (see page 24) _____

5. Credit for taxes paid to other states: attach other state's return (see page 25) _____

6. Other Credits: See instructions on page 26 (attach additional sheets if necessary)

a. Enter credit name _____ C code no. _____

b. Enter credit name _____ D code no. _____

c. Enter credit name _____ E code no. _____

d. Enter credit name _____ F code no. _____

Important: Lines 4 through 6 added together cannot be greater than the state adjusted gross
income tax due on IT-40 line 16 (see *Additional Limitations* on page 30)

7. Add lines 1 through 6 and enter total on line 28 of Form IT-40 _____ **Total Credits** ►

1		
2		
3a		
3b		
4		
5		
6a		
6b		
6c		
6d		
7		



IT-20 Booklet

- Added new Section 199 domestic production modification.
- Alternate tax rate calculation worksheet added.
- Separated lines 7(a) and 7(b) for Bonus Depreciated and Excess Section 179 deduction.



FIT-20

- Added line to add back an amount equal to the capital loss carry forwards
- Added sample worksheet “Net Capital Loss Adjustment for FIT-20 line 22” on instructions page 7.



- Securely file sales and withholding taxes;
- Pay sales and withholding taxes;
- Receive immediate payment confirmation;
- Review their tax payment histories, monitor your accounts;
- Schedule automatic payments from banking accounts; and,
- Securely correspond with the Department.



The end of FY 05 (June 30, 2005):

- Over \$82,000,000 reported in sales and withholding taxes.
- More than 5,700 business signed up.



Indebt

Indebt is down for the duration of the Indiana Tax Amnesty program.

- Indebt will return on Nov. 16, 2005

Revised Sales Tax Exemption Certificate

ST-105 has been revised and is available on the internet (<http://www.in.gov/dor>) in billable format.

The new ST-105 replaced forms:

- ST-104
- ST-105 (revised)
- ST-106
- ST-134
- ST-135
- ST-135 SB
- ST-136 A



TaxFax

TaxFax will be retired at the end of the 2005 calendar year due to declining usage.

- ❖ 5,997 calls handled (FY 05).

- ❖ 7,900 orders filled (FY 04).

→ 24% decrease in use



Telefile

The Department decided to remove Telefile as a means to file Indiana tax returns following the same decision by the IRS.

The decision arose because of declining use and the growth of other electronic filing alternatives (e.g., I-file).



Streamline Sales Tax

- Sales Tax Information Bulletin #29 - Sales of Food
- Sales Tax Information Bulletin #60 - Construction Contractors
- Commissioner's Directive #21 - Streamlined Sales Tax Agreement Provisions.
- Commissioner's Directive #22 - Delivery and Installation Charges Subject to Indiana Sales and Use Tax
- Commissioner's Directive #23 - Delivery and Installation Charges Subject to Indiana Sales and Use Tax

Sales Tax Exemption for RV's & Cargo Trailers

- A **Cargo Trailer** is defined by I.C.6-2.5-5-39(a) as a vehicle:
 - 1) without motive power;
 - 2) designed for carrying property;
 - 3) designed for being drawn by a motor vehicle; and
 - 4) having a gross vehicle weight rating of at least two thousand- two hundred (2,200) pounds.

Sales Tax Exemption for RV's & Cargo Trailers

- **A Recreational Vehicle (RV)** is defined by I.C.6-2.5-5-39(b) as a vehicle with or without motive power, including:
 - **travel trailer;**
 - **a motor home;**
 - **a truck camper** with a floor and facilities enabling it to be used as a dwelling; and,
 - **and a fifth wheel trailer.**



Secretary of State

Continuing Responsibilities:

Written Notification must be given to SOS Office whenever the following changes occur:

- Registered Agent;
- Registered Agent's address; or,
- Principal office address change.

<http://www.in.gov/sos>



Secretary of State

Business Entity Reports:

To maintain active status with the SOS,
business entity reports must be filed:

- Nonprofit – annually/\$10
- For-profit – biennially/\$30



Secretary of State

Filing Options:

Online – pay with a credit card or an *accessIndiana* subscription.

For-profit – save up to \$9.00/filing

Nonprofit – save up to \$4/filing

Print and Mail – standard fees apply



Secretary of State

Who can file the business entity report?

- Attorneys;
- CPAs; or
- Registered Agents.

If not a principal officer, the above may now file the reports on behalf of their clients.



Secretary of State

Indiana Secretary of State Todd Rokita

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Contact Information

Questions? Comments?

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